

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 977 - HB 1032

April 7, 2021

SUMMARY OF BILL: Authorizes local governments to extend the availability of assessment proration for commercial and industrial tangible personal property destroyed, demolished, or damaged by a Federal Emergency Management Agency (FEMA)-certified disaster and replaced prior to September 1 in any given year.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Due to the extent of unknown factors a precise decrease in local property tax revenue and increase in local expenditures cannot reasonably be determined, but any fiscal impact is considered permissive.

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-5-606:
 - If, between January 1 and September 1, commercial and industrial tangible personal property is destroyed, demolished, or damaged as a result of fire, flood, wind, or any FEMA-certified disaster and is not replaced by September 1 of that year, the assessor prorates the assessment of such property; and
 - Such proration is applied to the tax bill for the year prior to the destruction.
- The proposed language:
 - Authorizes local governments to prorate the assessment of such property if it is damaged for more than 30 days but replaced prior to September 1;
 - Only property located within a FEMA-certified county and damaged as a result of a disaster certified by FEMA is eligible for such proration relief, if authorized by the applicable local government;
 - Requires the owner of the property to apply for such proration relief with the assessor of property on a form established by the State Division of Property Assessments within the Comptroller of the Treasury (COT);
 - Authorizes owners to apply for proration relief for the tax year following the damage occurrence; and
 - Authorizes assessors to request notification and inclusion in certain procedures and damage assessments following a FEMA-certified disaster.
- Based on information provided by the COT, the proposed language will result in changes to the tax billing process and computer systems statewide which assist assessors in the appraisal of property; however, a precise increase in costs associated with such changes is unknown but is considered permissive.

- It is assumed the COT will assist assessors and establish forms utilizing existing staff and resources.
- The proposed language will also result in a permissive decrease in local government property tax revenue. The extent and timing of such decrease is dependent upon multiple unknown factors such as, the timing of any FEMA-certified disaster, the extent of damage to commercial and industrial tangible personal property, the timing of replacement of such property, the extent of such property's value, the tax rate of the applicable local government, and the number of local governments opting to provide such proration relief.
- Due to multiple unknown factors a precise decrease in local government revenue and increase in local government expenditures for computer changes cannot reasonably be determined but are considered permissive.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/lm